

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 PA-01 PRS-01 USIA-06 CIAE-00 COME-00

EB-07 INR-07 LAB-04 NSAE-00 SIL-01 L-02 /040 W

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R 061359Z MAR 75

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 6485

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E. O. 11652: N/A

TAGS: ELAB BF

SUBJ: LABOR PROBLEMS AT BAHAMAS CEMENT

1. EXTENDING BACK OVER A PERIOD OF SEVERAL WEEKS, THE PRESIDENT OF BAHAMAS CEMENT, MR. JAMES JENKS, HAS BEEN IN CONTACT WITH ME CONCERNING LABOR PROBLEMS AT BAHAMAS CEMENT.

2. THE ESSENCE OF THE PROBLEM REVOLVES AROUND THE EXPIRATION OF THE COMPANY'S CONTRACT WITH ITS LABOR UNION. THIS LABOR UNION, WHICH RECENTLY DISPLACED A PREVIOUS UNION AS THE SOLE BARGAINING AGENT IN A DULY CONSTITUTED ELECTION, IS ALLEGED BY BAHAMAS CEMENT OFFICIALS TO HAVE DEMONSTRATED AN UNREASONABLE AND UNCOOPERATIVE ATTITUDE. THE PRESIDENT OF THE UNION, A MR. NEVIL SIMMONS, AGAIN ACCORDING TO BAHAMAS CEMENT OFFICIALS, IS APPARENTLY POLITICALLY POWERFUL WITH THE PLP GOVERNMENT. BAHAMAS CEMENT OFFICIALS MAINTAIN THAT THEY ARE DISTRESSED AT THE MANNER IN WHICH RELATIONS HAVE DEVELOPED WITH THE UNION SINCE THEY CLAIM TO TAKE SOME PRIDE IN HAVING DEVELOPED GOOD LABOR RELATIONS WITH BOTH THE EMPLOYEES AND THEIR PRIOR UNION REPRESENTATIVES. JENKS CALLED LAST WEEK AND ASKED ME TO SEE MR. DONALD HOFFMAN, WHO IS A VICE PRESIDENT AND GENERAL MANAGER OF US STEEL'S LABOR RELATIONS DEPARTMENT, USST BEING THE PARENT COMPANY OF BAHAMAS CEMENT. I SAW HOFFMAN FEB 28.

3. HOFFMAN RELATED THAT THE MOST RECENT EVIDENCE OF POTENTIAL

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TROUBLE AROSE WHEN US STEEL REQUESTED WORK PERMITS FOR HIM

AND MR. EARL W. SCHICK, HIS SUBORDINATE WHO IT WAS PROPOSED WOULD ACT FOR THE COMPANY IN UPCOMING RENEGOTIATION OF THE TWO-YEAR CONTRACT WITH THE UNION. THIS REQUEST WAS REJECTED BY THE GOVERNMENT, WITH THE COMPANY OF THE VIEW THAT THE REJECTION RESULTED FROM PRESSURE BROUGHT TO BEAR BY MR. SIMMONS. (COMMENT: WHATEVER THE MERIT OF THE COMPANY'S CONTENTION, WE WERE CONFIDENTIALLY INFORMED BY MEMBERS OF THE GOVERNMENT THAT HOFFMAN AND SCHICK HAD INSULTED THE MINISTER OF LABOR IN AN EARLIER BAHAMAS CEMENT NEGOTIATION AND ACCORDINGLY WERE PERSONA NON GRATA. WHETHER THE MINISTER HAD GOOD GROUNDS FOR FEELING INSULTED I DO NOT KNOW.) IN ANY EVENT, THE NEGOTIATIONS HAVE BEGUN WITH THE UNION NEGOTIATING WITH THE PLANT'S SUPERVISOR OF PERSONNEL, WHO IS A BAHAMIAN NATIONAL. NEEDLESS TO SAY, HOWEVER, THAT OFFICIAL HAS NO AUTHORITY TO AGREE TO ANY PROVISION WITHOUT FIRST CHECKING IT WITH MR. HOFFMAN.

4. THE CURRENT HANG-UP SEEMS TO REVOLVE NOT AROUND SUBSTANTIVE ISSUES, I.E., SALARY, WORKING CONDITION, ETC., BUT RATHER A PROCEDURAL POINT. ACCORDING TO MR. HOFFMAN, SIMMONS HAS INSISTED THAT EMPLOYEES WHO WERE NOT REPEAT NOT OFFICIALLY DESIGNATED AS BEING SUBJECT TO THE UNION'S JURISDICTION SHOULD NOW BE INCLUDED THEREIN. SPECIFICALLY ADMINISTRATIVE LEVEL PERSONNEL, OFFICE AND MANAGERIAL PERSONNEL AND CERTAIN CATEGORIES OF LABOR, SUCH AS SECURITY GUARDS WERE NOT ORIGINALLY COVERED BY THE UNION CONTRACT AND DID NOT PARTICIPATE IN THE ELECTION DESIGNATING THE UNION AS BARGAINING AGENT. HOFFMAN MAINTAINS THAT SUCH CATEGORIES OF EMPLOYEES ARE NOT INCLUDED IN ANY COUNTRY IN WHICH US STEEL OPERATES. HE MAINTAINS THAT THERE IS NO OBJECTION TO THESE OFFICIALS BEING UNIONIZED BUT, IF THEY ARE TO BE UNIONIZED, IT MUST BE A SEPARATE UNION SINCE POTENTIAL CONFLICTS OF INTEREST COULD ARISE BY THESE CATEGORIES BEING COVERED WITH THE SAME UNION AS THAT WHICH COVERED THE MAJOR PORTION OF THE LABOR FORCE. (HOFFMAN CITES BY WAY OF EXAMPLE, SECURITY GUARDS WHO, IN ADDITION TO MAINTAINING SECURITY FROM EXTERNAL SOURCES, ARE ALSO REQUIRED TO MAINTAIN SURVEILLANCE OVER COMPANY EMPLOYEES. BOOKKEEPERS WHO HAVE ACCESS TO THE CONFIDENTIAL RECORDS OF THE FIRM REPRESENT ANOTHER EXAMPLE OF POTENTIAL CONFLICT AS CITED BY HOFFMAN.) IN ANY EVENT, HOFFMAN MAINTAINS THAT SIMMONS REFUSES TO NEGOTIATE ON A NEW CONTRACT UNTIL THE COMPANY AGREES THAT ALL CATEGORIES OF EMPLOYEES WILL BE COVERED WITHIN HIS, SIMMONS', UNION. THE COMPANY FOR ITS PART REFUSES THIS DEMAND.

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TIMATE ON A NEW CONTRACT UNTIL THE COMPANY AGREES THAT ALL CATEGORIES OF EMPLOYEES WILL BE COVERED WITHIN HIS, SIMMONS', UNION. THE COMPANY FOR ITS PART REFUSES THIS DEMAND.

5. MR. SIMMONS HAS ACCORDINGLY NOTIFIED THE COMPANY AND THE GOVERNMENT THAT AN IMPASSE HAS BEEN REACHED. THIS NOTIFICATION IS REQUIRED BY THE TERMS OF THE EXISTING CONTRACT IN ORDER TO PERMIT THE UNION TO STRIKE, IF IT CHOOSES TO DO SO,

53 DAYS FROM THE POINT OF NOTIFICATION OF IMPASSE. THIS WOULD SET THE STRIKE DATE AT APRIL 3.

6. ACCORDING TO HOFFMAN, HE IS STILL HOPEFUL THAT AGREEMENT CAN BE REACHED WITH MR. SIMMONS, BUT HE MAINTAINS THAT UNDER NO CIRCUMSTANCES WOULD US STEEL CONCEDE ON THE POINT OF PERMITTING SIMMONS' LABOR UNION JURISDICTION OVER THE AFOREMENTIONED SPECIAL CATEGORIES OF EMPLOYEES. HOFFMAN MAINTAINS THAT THEY ARE NOT PARTICULARLY CONCERNED OVER THE PROSPECT OF A STRIKE IN THAT BAHAMAS CEMENT LOST \$1.5 MILLION LAST YEAR AND IS CURRENTLY RUNNING IN THE RED. FROM A PURELY ECONOMIC POINT OF VIEW IT WOULD ACTUALLY BE PROFITABLE TO SHUT DOWN. HOFFMAN ALSO INDICATED THAT US STEEL WOULD IN FACT LIKE TO DIVEST ITSELF OF THE BAHAMAS CEMENT FACILITY THROUGH SALE. (HE ASKED THAT THIS INFORMATION BE CAREFULLY HANDLED.) IN PART FOR THAT REASON, THEY WOULD PREFER NOT TO HAVE A STRIKE AS THIS MIGHT WELL INHIBIT THE SALABILITY OF BAHAMAS CEMENT.

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R 061359Z MAR 75

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 6486

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7. THE PRINCIPAL CONCERN, HOWEVER, WHICH HOFFMAN EXPRESSED WAS THAT MR. SIMMONS MIGHT HAVE SUFFICIENT CLOUT TO SECURE A RULING FROM MINISTER OF LABOR DARLING DIRECTING THE COMPANY TO ACCEPT SIMMONS' UNION AS REPRESENTATIVE FOR THE DISPUTED CATEGORIES OF EMPLOYEES. THIS, HOFFMAN SAID, THE COMPANY WOULD CATEGORICALLY REJECT, WHICH HE FEARS COULD IN TURN LEAD TO A CITATION BY THE GOVERNMENT OF FAILURE TO BARGAIN IN GOOD FAITH. SHOULD THIS OCCUR, THE COMPANY WOULD GO TO COURT, BUT AN ADVERSE DECISION COULD RESULT IN A \$10,000 FINE AND

TWO YEARS IMPRISONMENT FOR COMPANY OFFICIALS, PRESUMABLY JENKS.

8. HOFFMAN EXPLICITLY STATED THAT HE WAS NOT REQUESTING MY ASSISTANCE AT THIS STAGE. HE REFERRED TO THE FACT THAT, BASED ON MR. JUNKS' EARLIER CONVERSATION WITH ME, US STEEL FELT THAT IT WAS DESIRABLE THAT I BE KEPT INFORMED OF DEVELOPMENTS. HE PROFESSED TO BE STILL HOPEFUL THAT AN ACCOMMODATION COULD BE REACHED WITH MR. SIMMONS WITHOUT A STRIKE, ALTHOUGH HE HAD NO BASIS FOR OPTIMISM GIVEN THE NEGOTIATIONS TO DATE.

9. COMMENT: DURING MY VISIT TO THE BAHAMAS CEMENT PLANT IN NOVEMBER, I WAS ALERTED TO THE PROSPECT OF IMPENDING LABOR DIFFICULTIES. JENKS SEEMED TO TAKE SOME PRIDE IN THE FACT THAT BAHAMAS CEMENT WAS SOMETHING LIKE 72 PERCENT BAHAMIAN, INCLUDING PORTIONS OF THE SENIOR SUPERVISORY PERSONNEL. AT THE SAME TIME, IT WAS PERFECTLY EVIDENT THAT JENKS WAS CONCERNED ABOUT WHAT HE CONCEIVED TO BE THE LACK OF RESPONSILIMITED OFFICIAL USE

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BILITY IN THE NEW UNION LEADERSHIP. HIS CONCERN MAY WELL HAVE BEEN WARRANTED IN THAT HOFFMAN INDICATED THAT THERE WERE THREATS ISSUED BY SIMMONS FOR THE REVOCATION OF JENKS' WORK PERMIT. HOFFMAN IN TURN STATED THAT IF US STEEL COULD NOT HAVE ITS OWN PRESIDENT, THIS WOULD POSE AN INTOLERABLE SITUATION. I SUSPECT THAT WELL BEFORE A TOTAL IMPASSE OF THIS SORT IS REACHED US STEEL WILL SEEK TO GO HIGHER IN THE GOVERNMENT WITH ITS APPEAL. INDEED JENKS EARLIER SUGGESTED THE POSSIBILITY OF A MEETING WITH THE PRIME MINISTER. IF, IN FACT, THE OPERATION IS AS UNPROFITABLE AS US STEEL OFFICIALS INSIST, THEY WOULD BE IN A STRONG BARGAINING POSITION WITH SENIOR GOVERNMENT OFFICIALS, ESPECIALLY GIVEN THE FACT THAT THEY EMPLOY APPROXIMATELY 180 BAHAMIANS IN THE FREEPORT AREA. OBVIOUSLY, HOWEVER, IF US STEEL IS SERIOUSLY TRYING TO UNLOAD THE CEMENT COMPANY, THEY TOO HAVE AN INTEREST IN NOT GENERATING A PROBLEM WHICH COULD RESULT IN THEIR DISPOSING OF THE PLANT UNDER FORCED SALE CONDITIONS. WE WILL KEEP THE DEPARTMENT INFORMED OF ANY FURTHER DEVELOPMENTS AS WE LEARN THEM.  
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